

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 DODE-00 PA-02 PRS-01
/072 W

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R 142242Z DEC 77
FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 7006

UNCLAS MEXICO 20822

E.O. 11652: N/A
TAGS: EIND, ETRD, GW, MX
SUBJECT: VW EXPORTS

REF: BITTNER/HAYNE TELCON DECEMBER 6

1. GERMAN EMBASSY ECONOFF HAS TOLD US THAT VW WILL EXPORT 40,000 BEETLE UNITS OVER THREE YEARS TO VW EUROPE FOR DISTRIBUTION THROUGHOUT EUROPE, PRIMARILY TO AUSTRIA, YUGOSLAVIA, AND EASTERN EUROPE. DELIVERY WILL BE MADE AT RATE OF 12,000 PER YEAR AND THE FIRST SHIPMENT WAS ON 18 NOVEMBER. THE EXPORT AGREEMENT HAD BEEN MADE WELL BEFORE THE MEXICAN AUTO DECREE WAS PUBLICIZED. HE DID NOT KNOW THE EXACT DATE OF THE AGREEMENT OR WHETHER IT HAD BEEN MADE IN ANTICIPATION OF THE DECREE. BEETLE NO LONGER BEING MADE IN GERMANY AND DEMAND NOT SUFFICIENT TO WARRANT EUROPEAN PRODUCTION. IN REPLY TO QUESTION ABOUT PRICE, HE SAID GIVEN CURRENT DM/PESO EXCHANGE RATE LANDED COST OF MEXICAN BEETLE MODEL IN EUROPE WILL BE ABOUT SAME AS CURRENT EUROPEAN PRICE. FURTHERMORE, SALES ARE IN NATURE OF AN INTER-FIRM TRANSFER AND GERMANY HAS NO ANTI-DUMPING LAWS IN ANY EVENT.
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HOWEVER, SUCH VW EXPORT TO GERMANY WOULD NOT BE ECONOMICALLY FEASIBLE FOR ANY OTHER VW MODEL PRODUCED IN MEXICO, SUCH AS CARIBE OR BRASILIA.

2. VOLKSWAGEN DE MEXICO CAPACITY IS 100,000 UNITS. IN 1976, TOTAL PRODUCTION WAS 83,452 UNITS OF WHICH 659 WERE EXPORTED. EXPORTS FOR THE FIRST THREE QUARTERS OF

1977 ARE 537 UNITS. RECORD EXPORTS OF 17,930 UNITS,
MAINLY THE SAFARI MODEL WERE MADE IN 1973, CHIEFLY TO
THE U.S MARKET. VW ALSO SHIPS SAFARI PARTS FOR FINAL
ASSEMBLY IN BRAZIL. VW EXPORTS SPARE PARTS FOR ITS
BRASILIA MODEL FROM THE PUEBLA PLANT TO THE VW PLANT IN
PENNSYLVANIA. LUCEY

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Message Attributes

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Copy: SINGLE
Sent Date: 14-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Expiration:
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Format: TEL
From: MEXICO
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SAS ID: 241204
Secure: OPEN
Status: NATIVE
Subject: VW EXPORTS
TAGS: EIND, ETRD, GE, MX
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